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plausible justification in doing so as the credit is advised by the British Government not all at once but in two instalments, the first instalment of 90 per cent. and the second of the balance. Government have decided that in the interests of the proper appraisement of the revenue position the amount should be assigned its rightful place in the revenue account of the year in which credit is afforded notwithstanding the inflation that may be caused in the accounts of the year in which the existing arrangement is disturbed. I have accordingly provided for the adjustment in the next year's accounts and raised the figure under the Customs revenue by Rs 15 lakhs, the amount anticipated for the next year.

21. The following are my figures for the next year's budget: –

Revenue	Rs	285·40 lakhs
Expenditure	,,	271·73 ,,
Surplus	,,	13·67 ,,

Compared with the revised estimates of the current year the revenue shows an increase of over Rs 19 lakhs and the expenditure of Rs 8 lakhs. Although the increase under revenue and expenditure may be explained to be due to the special measures already referred to by me and the change in the accounting procedure in respect of customs revenue contemplated and the extra expenditure due to the special expenditure of Rs 10 lakhs for war and political purposes budgeted, but for which, the surplus would have been in the neighbourhood of Rs 24 lakhs, I shall attempt a comparison of the position under each of the heads which shows the largest extent of variation, and indicate *inter alia* the general policy of Government in the conduct of the affairs of those departments.

Revenue Receipts.

22. *Principal Heads of Revenue.* First I shall consider the principal heads of revenue and take up Land Revenue which shows an increase over the previous year's figures by Rs 2·5 lakhs. The members of the House would have been aware that a survey of minor circuits has been in progress for some years. As a result of the survey which is nearing completion it is hoped that an extra revenue of Rs 2 lakhs at least might be added on to the exchequer.

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23. The revenue under income-tax stood round about Rs 10 lakhs for the last three years. The need for tightening up the system and improving collection by reorganisation of the department with a view to exploring the latent possibilities of realisation of revenue has of late been engaging the consideration of Government and it has been felt that by steepening up the progression and reorganising the work of collection on latest methods there would be a substantial yield without adding to the burden of the great majority of tax-payers.

Added to this, the bringing within the provisions of the Travancore Income-tax Act, all contracts for sales of our cardamom might add an appreciable figure to our tax income.

24. The Salt revenue, as the Honourable House may be aware, is made up of receipts arising from sales of Government salt, recoveries on account of other charges incurred by Government and duty on licensees' salt. I have budgeted for a shortage of Rs 60,000 under the major head, as Government anticipate larger direct sales by licensees themselves and a corresponding decrease under receipts and recoveries arising from the disposal of Government Salt.

25. The increase of asmuch as Rs 15·5 lakhs under Customs is due to the change in the accounting procedure adverted to by me already. It also takes credit for income arising from enhancement of duty on sugar imposed by the British Government.

26. The revenue anticipated under Forests shows an improvement of Rs 35,000 over the revised estimate figure. I may take this opportunity to state that a new orientation is being given to the policy of the Forest Department. The principal objects borne in mind are, development of Forest resources on a well planned system, preservation and sustenance of the existing forest wealth and lastly exploration of avenues for utilising the resources of the forest for national and departmental purposes.

With these objects, new working plans are being prepared and cultivation operations improved. The requirements of sandal and honey for the Devaswom Department and varieties of timber for the Public Works Department are supplied by the department. It is also proposed to introduce in Travancore plantation of beedy leaves and improve the technique of the cultivation of the leaves. We are getting about Rs 2 lakhs worth of leaves from outside and this money might, as a result of the measure, remain in the country.

27. *Debt Services.* The interest budget records a fall amounting to over Rs 3 lakhs as reduction has been made for loss of interest consequent on the sale of securities intended

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to finance our capital and reproductive programme which has to be proceeded with redoubled force to enable the State to maintain and develop the revenue according to programme.

28. *Civil Administration.* Under Education credit is taken for fees proposed to be realised in connection with a public examination to be held at the end of III Form Course in English Schools. The need for such an examination has been very carefully examined and the fees taken credit for represent very nearly the actual expenditure likely to be incurred in conducting the examination.

Medical.

Although the increase of revenue under Medical is nominal, I wish to invite the pointed attention of the House to a provision of Rs 5,000 which has been included for fees from persons in receipt of monthly income of over Rs 50 for services that may be rendered by Government medical institutions. These fees will be fixed at a comparatively small figure.

The question of finding out ways and means for improving the medical institutions in the State and rendering them more useful to the public has been engaging the consideration of the Government for some time past and it has been felt that instead of finding the amount from the General Revenues which would only amount to imposing a burden on the tax payer, whether the money could not to a certain extent be collected from those who can afford to pay. Travancore is not alone in this respect. The proportion of medical receipts to expenditure is only 1·5 per cent. in Travancore while it is nearly 13·75 per cent. in Baroda, 5·8 per cent. in Mysore, 2·6 per cent. in Cochin and 1·8 per cent. in Hyderabad. It is felt that an imposition of a contribution on the well-to-do, to be of use in affording better medical facilities whether poor or well-to-do, might not be deemed invidious or iniquitous. It is accordingly proposed to institute a system of levying fees from all persons having an income of over Rs 50 per mensem for the services rendered by the medical institutions in the State.

Fisheries.

Fisheries have been transferred to the control of the University of Travancore and in consequence a revenue which normally works to about Rs 20,000 has been omitted from the budget for Agriculture and Fisheries.

Industries.

The anticipated receipts under Industries show an increase of Rs 31,800 and this is to be accounted for by the receipts anticipated from the Rubber Factory which it has been arranged to re-open very shortly under favourable auspices.

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The budget under the rest of the heads included in the group *viz.*, Administration of Justice, Police, Jails, Ports, Devaswoms, Currency and Mint, Stationery and Scientific and Miscellaneous Departments is more or less normal and discloses no variation from the past actuals—only I may add that Chitra coins to the extent of Rs 4 lakhs are proposed to be coined in the coming year.

29. Before I pass on to the receipts arising from commercial departments, I shall pause to speak a word about Public Works, the receipts under which indicate a fall by nearly 2/3 of a lakh of rupees. The fall is under contribution from the Central Road Fund. The contribution is calculated on the extra duty in the shape of Excise duty levied by the Government of India on motor spirits imported into the country and is distributed to the Provinces and States for financing their road work. With the opening of the Cochin Harbour the duty is included in the Customs revenue and forms part of the share due to us under the Cochin Harbour agreement. Accordingly the credit in the Road Fund records a shortage.

30. *Commercial Departments.* Apart from Irrigation which has never been a real source of revenue to the State the three undertakings which at once suggest themselves for special consideration are of course the Electricity Department, Commercial Transport and Clay Refining and Porcelain Factory.

31. The Electricity Department, which includes Telephones, now consists of Trivandrum Electric Supply Scheme, Quilon Electric Supply Scheme and Pallivasal Hydro-Electric Scheme. The Quilon Electric Supply gets its power from Pallivasal since the inauguration of the Pallivasal Hydro-Electric Scheme in March last and in consequence the capital and revenue accounts of the scheme are proposed to be amalgamated with the Pallivasal Hydro-Electric Scheme from the commencement of the next year. A gross revenue of Rs 7 lakhs is anticipated from the combined scheme. In the Trivandrum Electric Supply also a gross revenue of Rs 3 lakhs is budgeted allowing for consumption arising from the reopening of the Rubber Factory and the cold storage and the operation of Drainage Pumping plant. A modest estimate of a lakh and a quarter of rupees of revenue has been budgeted in respect of the Telephone and Trunk System although in all probability our estimate is under-pitched, as with the linking of our system with British India it is expected that the service will be largely availed of by the people. The gross revenue is however outweighed by the working expenses of the scheme including interest charges which amount to Rs 1·48 lakhs.

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32. Next comes the Commercial Transport under which is anticipated a net revenue of Rs 1·25 lakhs. As the honourable members are aware, the Transport scheme has been in operation since 1113. Under normal conditions and in default of any extraordinary losses, the existing services are expected to yield a profit of nearly Rs $2\frac{3}{4}$ lakhs every year *i. e.*, a return of 25 per cent. But in the present conditions caused by the war and the consequent rise in the price of petrol and spare parts, the return which works up to 12 per cent. is far from unsatisfactory.

33. I turn next to the Kundara works. With a view to increasing the output of clay at Kundara an additional channel is proposed to be excavated and a gross revenue of Rs 2·30 lakhs on account of clay and Rs 0·75 of a lakh on account of Factory products including supplies to the Drainage department and a net income of Rs 1·40 lakhs is expected.

34. Under the commercial departments are also included the Anchal and Railways. A net receipt of Rs 89,600 under Anchal, Rs 5,000 less than the revised estimates for the current year but the same as the actuals of the previous year has accordingly been budgeted.

35. As regards State Railways the working of our Railway by the South Indian Railway Company has of late been resulting in losses. The loss last year was nearly Rs 40,000 and we have already been advised of a similar loss less by Rs 2,000 for the current year. But I am not budgeting for a loss for the next year.

36. In passing I may be permitted to say a word about the Drainage Scheme. It is expected that a part of the works at Trivandrum will be completed next year. The Trivandrum Municipality is expected to contribute Rs 75,000 for its maintenance and other charges. Taking this into account the net contribution of the Drainage scheme to the revenue account for the next year has been estimated at Rs 45,000.

37. *Defence Services.*— Under Army and other items of receipts there is nothing very much of importance to which I should specially invite the attention of the honourable members.

Revenue Expenditure.

38. Turning now to the expenditure side I may say provision has been made only for those items of fresh expenditure which are clearly of imperative necessity or which are likely to be immediately remunerative. The paramount necessity for exercising economy in expenditure has weighed with Government

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